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FEDERAL AID FOR CIVIL AERONAUTICS

By HARLLEE BRANCH*

When I was a little boy and came running in to supper from a hard afternoon of play the savory kitchen odors always made me wonder whether it might be pie, and then at supper when my mother presented us with a luscious cream pie my chief concern was how big a piece I would get. So I know how you feel about Federal aid. I think it is a natural curiosity which causes State officials to ask whether the Federal Government will aid them in projects which are largely local, and, if so, to what extent.

The question as to whether the Federal Government is going to spend money on civil aeronautics is, of course, already answered. The Federal Government has been spending money on civil aeronautics since 1918 when it first began, through the Post Office Department, spending money on an experimental airmail system.

From that modest and historic beginning the Federal Government has assumed heavy obligations for the inauguration and maintenance of an adequate domestic and international airmail and air transportation system and for the general development of civil aviation.

Government support of the airmail system, including domestic and international services, has grown to the point where, even deducting the amounts received from airmail postage revenues, the Government's payments for the carriage of airmail during the past twenty years totals approximately \$150,000,000.

The early steps in furnishing a few beacon lights at emergency landing fields for the experimental air mail service have resulted in the present extensive Federal airways system. To safeguard air transportation the airways in this system are equipped with revolving beacon lights, radio ranges which project courses over the route flown, teletype circuits, continuous weather reports, intermediate landing fields, and other air navigation aids. To date the Federal Government has expended for these aids approximately \$78,000,000.

Since 1927 the Federal Government has borne the cost of inspecting and certificating all aircraft manufactured in this country and the cost of inspecting, certificating, supervising and regulating

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all types of civil flying. It is estimated that \$11,000,000 have been expended for such services.

During the past five years the Government has spent more than \$170,000,000 on airport projects in connection with its relief program. All of these expenditures by the Federal Government are independent of the amounts expended by the Government for military aviation purposes.

At its last regular session the Congress appropriated \$4,000,000 for a Civilian Pilot Training Program and more than four hundred colleges and universities throughout the country have been selected to provide the courses of study and training called for by this program.

While this program is an expansion of vocational education and training and in nowise a subsidy, nevertheless it is an expenditure of Federal funds to encourage and develop civil aviation. I might say in passing that it is my opinion that this program will do more to encourage and develop civil aviation than any program yet offered.

The Federal aid for civil aeronautics over the period of the last twenty years has totalled over \$400,000,000 or an average annual expenditure of more than \$20,000,000. Such sums can hardly be called excessive when viewed in the light of the results obtained or from the standpoint of the value of civil aviation to this country.

Therefore, there is little meaning to the question "Is the Federal Government going to spend money on civil aeronautics?" A more appropriate inquiry would be "At what rate is the Government going to continue to spend money on civil aeronautics?" It is my opinion that there is no present prospect that the Federal Government can hope to avoid maintaining and even increasing the present rate. So important has air transportation become to the national economy; so important are our airports; our airmen and our airplane factories to the national defense; and so great is the industrial promise of private flying, that no one would even venture to suggest that the Federal Government should discontinue its policy of supporting civil aeronautics.

Aviation is a costly but necessary enterprise. Every nation has come to this realization and all the major nations of the world are appropriating vast sums for civil as well as military aviation.

The manufacturing branches of the aviation industry are now not only self-supporting but in numerous instances are making a substantial profit. There are indications that the domestic air transport operations may soon be largely self-supporting. Although the Civil Aeronautics Authority has granted increases in the rates of

mail pay to a number of airlines, reliable statistics indicate that the cost of this rapidly-increasing service to the Post Office Department may soon be equalled by the constantly increasing income received by the Government from airmail postage. The international air transportation ledger is not yet in such a satisfactory financial balance, but the current volume of international airmail is almost double that of a year ago. Overseas operations are much more costly than the domestic overland operations, and up to this time the postage income received by the Government represents only 31.80% of the total mail payments for the international services rendered during the last eleven years.

The cost of maintaining the Federal airways and the cost to the Government of the certification, inspection, and regulation of aircraft, airmen, and air transportation companies necessarily will increase as these air activities expand. These functions of the Authority are essential to safety in aviation and safety must continue to be the watchword for the Authority and for all branches of the aviation industry.

Another item in the air transport picture which has implications of increased Federal expenditures is the demand for the extension of the present airline network. At present there are more than eighty applications for certificates for new routes on the docket of the Authority and many of these petitions are from new companies. The Authority is faced with very grave responsibilities in passing upon these applications. It must be careful not to authorize new routes which cannot be justified on the basis of the value of the services which they will perform. It must avoid placing upon the public treasury the heavy financial burdens incident to the permanent operation of airlines which have no prospect of ever becoming self-sustaining and which at best can expect but a nominal mail and passenger traffic. It must assure itself that the proposed new routes will fit into an economically integrated national air transportation system.

An important factor to be considered in connection with new airlines is that under existing law the Federal Government provides through mail pay a very substantial portion of the revenues of such lines. It would be unfortunate, indeed, if the Authority were to permit airlines to spring up like mushrooms all over the country with no greater justification than that those promoting them will establish for themselves a remunerative business which largely would be financed and supported in perpetuity by the Federal Government. Any one who is familiar with the disastrous consequences which resulted

from haphazard railroad promotions, thirty, forty, and fifty years ago, or with the more recent uneconomic planless development of power utilities in many areas of the country, will appreciate the gravity of this question.

In still another field of aviation the Federal Government has assumed financial obligations; namely, private flying. The entire time and attention of one of the divisions of the Authority is devoted to the interests of private flyers and much of the work of the inspection force of the Authority is given over to the examination and certification of private flyers and the inspection of the aircraft they fly.

There are at present approximately 27,000 certificated civilian pilots and it is estimated that by the end of 1941, largely as a result of the stimulus provided by the Civilian Pilot Training Program, this number will be increased to more than 75,000.

I know you are all interested in the aeronautical activities I have just mentioned, but undoubtedly at this time you are more interested in the development of airports. Every one must agree that such activities are of little value if we do not have adequate airports. Yet on the other hand without these other activities there would be little need for airports. Consequently, all phases of aeronautical development must move forward together.

Some spokesmen for municipal and civil aviation organizations recently have been quite critical of the Authority because it did not in some way induce the last Congress to appropriate and make immediately available millions of dollars for airport construction. While the Civil Aeronautics Authority has no desire to shirk any of its responsibilities, it must be remembered that the Authority is an independent agency of Congress whose powers and functions are fixed by law. The Civil Aeronautics Act definitely imposes upon the Authority the duty of advising Congress upon aeronautical matters, at the same time prescribing the procedure by which that advice shall be given. It is not the proper role of the Authority to draft bills and lobby them through Congress, no matter how desirable such legislation might appear to the Authority or to any other person interested in aviation. The Authority legally cannot and morally should not constitute itself a high-pressure agency for influencing the Members of Congress. However, it can and should advise the Congress in the manner prescribed and sanctioned by law as to what legislation in its opinion is necessary to the sound development of civil aviation. And it has done just that in the matter of airports.

The Civil Aeronautics Act which created the Authority required it to make a national airport survey and recommend to the Congress

(1) whether the Federal Government should participate in the construction, improvement, development, operation, or maintenance of a national system of airports, and (2) if Federal participation is recommended, the extent to which, and the manner in which the Federal Government shall so participate. The Authority made such a survey and in its report to Congress last February made such recommendations.

To be specific, the Authority advised Congress that in its opinion the Federal Government should participate in the construction of airports, particularly those airports which are vital to the Federal system of airways and to the national defense. The Authority's report said: "In passing upon applications for Federal expenditure on airport development or improvement, the highest preference should be given to airports which are important to the maintenance of safe and efficient operation of air transportation along the major trade routes of the Nation; and to those rendering special service to the national defense." The Authority pointed out in its report that during the year ahead a total sum of \$125,000,000 could be efficiently used for these purposes.

At the time the Authority made its national airport survey and its report to Congress the Federal Government was appropriating large sums for relief and had for several years devoted a sizeable portion of these funds to airport construction. With the relief problem still acute and the apparent certainty that Congress would for some time continue to provide appropriations for relief, the Authority thought that it would be wise specifically to allocate a certain percentage of the relief funds for airport construction, and it recommended an allocation of \$100,000,000 of the 1940 relief appropriation for airports. In addition it recommended that a supplemental appropriation of \$25,000,000 be appropriated for those airport construction projects which could not be provided for from relief funds because of the limitation specified in the relief appropriation act on the ratio of expenditures for labor and for materials, thereby providing funds for those airport construction projects which call for a larger percentage of the allocated funds for material and a lesser proportion for labor.

The Authority made it quite clear in its report to Congress that when the relief appropriations were reduced to a point where it would no longer be practicable to construct airports with relief labor the Government should, through special appropriations, make provisions for such necessary construction. The Authority did not at the time it sent its recommendations to Congress and does not now hold

to the opinion that the Federal Government should assume the full burden of airport construction. It feels that this burden should be reasonably shared by the municipal, county, and state governments.

We do not believe that there can be any uniform and universally applicable rule covering the division of costs among the various units of government. Some airports exist primarily in the interest of the locality; others are of regional or of national importance. It is hardly possible to imagine an airport so placed that it would not be useful to somebody; but that does not mean that every conceivable location becomes a matter of national importance, and of proper Federal concern. There are an indefinite variety of cases, and it has seemed to the Authority indispensable that there be a corresponding flexibility of procedure, and that there should be some discretion as to the extent of Federal participation in order that it may be directly related to the circumstances of the particular case. We have so expressed ourselves in our airport report; but we may have erred in not making that part of our recommendations emphatic enough, since it seems to have been very commonly overlooked in the subsequent discussions of the Authority's proposals. A discretionary role is not an easy one to occupy, and a flexible rule is not an easy one to administer. It would be far simpler from the point of view of Federal Authority to have some such uniform rule as that the Federal Government will bear a fixed proportion of the total cost of every airport project that meets a certain minimum standard of acceptability; but we do not think that a uniform rule, despite its simplicity, would give the best results that can be obtained from a given amount of money.

We are justly proud of the advanced development of civil aviation in this country; that we have more privately-owned aircraft and civilian pilots than any other nation; that our air transport companies fly more miles and carry more passengers with an unequalled record of safety; that we have more and larger and better airports serving an aviation-minded public; and that our aircraft manufacturers produce the best and latest in civil aircraft. All of this has been made possible by the continued cooperation of the states, municipalities, the industry, and the Federal Government. There is no problem confronting us today which cannot be answered if we have the unified support of all who are interested in aviation. The Authority hopes for the continued cooperation and the sustained help of these same agencies and groups. With it, the limitlessness of the airspace is our only barrier.